

Committee on the Budget • Majority Caucus U.S. House of Representatives Jim Nussle, Chairman

309 Cannon House Office Building Washington, DC 20515 • (202) 226-7270 James T. Bates, Chief of Staff • www.budget.house.gov

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Summarizing budgetary issues in legislation scheduled for the House floor

7 December 2005

Week	of	5	Decem	ber	2005
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SUSPENSION CALENDAR

[Please make special note of the suspension bills below numbered 27, 28, and 29.]

1) Gateway Communities Cooperation Act (H.R. 585). This bill: 1) authorizes \$20 million annually, subject to appropriations, for programs to promote the involvement of local communities in Federal land-use planning; 2) provides for the conveyance of certain public land in Clark County, NV, for use as a heliport; 3) revokes Public Land Order 3442 as it pertains to 140 acres of land within the Cibola National Wildlife Refuge in California; and 4) authorizes \$15 million, subject to appropriations, to restore the Angel Island Immigration Station, a California State park in the San Francisco Bay. The bill does not affect direct spending or revenue.

2) To Authorize the Secretary of the Interior to Prepare a Feasibility Study With Respect to the Mokelumne River, and for Other Purposes (H.R. 3812).



This bill authorizes \$3.3 million, subject to appropriation, to study the feasibility of a project to provide additional water supply and improve water management reliability. The bill does not affect direct spending or revenue.

3) The Southern Oregon Bureau of Reclamation Repayment Act of 2005 (H.R. 4195). This bill allows early repayment of Federal construction costs for the Roque River valley and Medford Irrigation Districts, so that landowners throughout the service area of the Rogue Rover project will be able to complete early repayment. Early repayment will result in an increase in offsetting receipts in 2006 and a decrease in later years. Offsetting receipts are scored as a credit against direct spending, but the overall effect on direct spending is expected to be negligible. Enacting H.R. 4195 would have no significant impact on offsetting receipts, and would not affect revenue.

4) A Bill to Direct the Secretary of the Interior to Convey a Parcel of Real Property to Beaver County, Utah (S. 52).



This bill directs the Secretary of the Interior to convey to Beaver County, UT, approximately 200 acres of Federal land in that county. The county currently manages that land as a park under a lease from the Bureau of Land Management [BLM]. According to BLM, the land currently generates no significant receipts and is not expected to do so over the next 10 years. Therefore, the Congressional Budget Office [CBO] estimates that conveying it does not significantly affect offsetting receipts (a credit against direct spending). This bill does not affect revenue.

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PLEASE NOTE: This document addresses budgetary issues only. It should not be taken to address support or opposition on any other grounds. A green flag indicates no serious budgetary or budget compliance concerns. A vellow flag indicates moderate or potential problems. A red flag indicates serious problems. Also note: Floor schedules and legislative details are subject to change after publication.

This document was prepared by the majority staff of the Committee on the Budget, U.S. House of Representatives. It has not been approved by the full committee and therefore may not reflect the views of all the committee's members.

5) Valles Caldera Preservation Act of 2005 (S. 212).



This bill enables the Secretary of Agriculture to acquire,

by condemnation, certain subsurface rights to the Valles Caldera preserve's Baca Ranch area if the Secretary cannot negotiate a voluntary sale with the current owners. If condemnation is necessary, the owners would be entitled to just compensation as determined by a court. The bill would specify that any difference between the Secretary's estimate of the value of the subsurface rights and the amount awarded by the court would be paid from the permanent claims and judgments fund. This bill increases direct spending by \$2 million in 2006 and \$3 million over 2006-10, amounts that are within the allocation of the Committee on Resources. The bill does not affect revenue.

6) A Bill to Amend the Act of June 7, 1924, to Provide for the Exercise of Criminal Jurisdiction (S. 279).



This bill amends the Pueblo Lands Act of 1924 to allocate jurisdiction over offenses committed anywhere within the exterior boundaries of any grant from a prior sovereign to a Pueblo Indian tribe of New Mexico, the state of New Mexico, and the United States based on a category of the offense. CBO has not provided an official cost estimate for this bill, but it is not expected to affect direct spending or revenue.

7) Pitkin County Land Exchange Act of 2005 (H.R. 1129).



This bill authorizes the Secretary of Agriculture and the

Secretary of the Interior to convey a total of about 51 acres of Federal land to Pitkin County, CO, in exchange for roughly 53 acres of land owned by that county. The bill does not affect direct spending or revenue.

8) Rancho Corral de Tierra Golden Gate National Recreation Area Boundary Adjustment Act (S. 136).



This bill modifies the boundary of the Golden Gate National Recreation Area in California and authorizes the Secretary of the Interior to make payments to two California school districts that serve families of Yosemite National Park employees. The legislation could increase direct spending, but CBO estimates that any such effects would be insignificant. This bill does not affect revenue.

9) Betty Dick Residence Protection Act (S. 584).



This bill requires the National Park Service [NPS]

to extend the lease of 8 acres of public land to Betty Dick for the remainder of her life at a below market rental price of \$300 per year. Under a 1980 Settlement Agreement, Betty Dick's right to lease the land in the Rocky Mountain National Park expired after 25 years on 16 July 2005. NPS expects that the property could generate around \$6,300 in annual rental receipts if the property was leased at market rates. Under current law, proceeds from rental agreements are available for the agency to spend without further appropriation. Consequently, the bill has no significant effect on the Federal budget.

10) Recognizing the 50th Anniversary of the Montgomery Bus Boycott (H.Con.Res. 273). This resolution has no budget implications.



11) Naval Vessels Transfer Act of 2005 (S. 1886).



This bill authorizes the President to transfer on a

grant or sale basis certain naval vessels. Although a formal estimate was not available at the time of publication, this bill is not expected to increase direct spending or reduce revenue.

12) Torture Victims Relief Reauthorization Act of 2005 (H.R. 2017).



This bill authorizes, subject to appropriations, \$44 million in 2006 and

\$46 million in 2007 for foreign and domestic programs to assist victims of torture. The bill does not affect direct spending or revenue.

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13) To Amend the International Organizations Immunities Act to Provide for the Applicability of that Act to the Bank for International Settlements (H.R. 3269).



This bill amends the International Organizations Immunities Act to extend the applicability of such Act to the Bank for International Settlements. Although a formal estimate was not available, the bill is not expected to increase direct spending or reduce revenue.

14) Expressing the Sense of Congress with Respect to the 2005 Presidential and Parliamentary Elections in Egypt (H.Con.Res. 284).



This resolution has no budget implications.

15) Mourning the Horrific Loss of Life Caused by the Floods and Mudslides that Occurred In October 2005 in Central America and Mexico and Expressing the Sense of Congress That the United States Should do Everything Possible to Assist the Affected People and Communities (H.Con.Res. 280).



This resolution has no budget implications.

- 16) Urging Member States of the United Nations to Stop Supporting Resolutions That Unfairly Castigate Israel and to Promote Within the United Nations General Assembly More Balanced and Constructive Approaches to Resolving Conflict in the Middle East (H.Res. 438). This resolution has no budget implications.
- 17) Honoring the Life, Legacy, and Example of Israeli Prime Minister Yitzhak Rabin on the Tenth Anniversary of His Death (H.Res. 535).



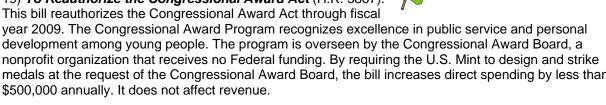
This resolution has no budget implications.

18) Recognizing the 50th Anniversary of the Hungarian Revolution that Began On October 23, 1956 and Reaffirming the Friendship Between the People and Governments of the United States and Hungary (H.Res. 479).



This resolution has no budget implications.

19) To Reauthorize the Congressional Award Act (H.R. 3867). This bill reauthorizes the Congressional Award Act through fiscal year 2009. The Congressional Award Program recognizes excellence in public service and personal development among young people. The program is overseen by the Congressional Award Board, a nonprofit organization that receives no Federal funding. By requiring the U.S. Mint to design and strike medals at the request of the Congressional Award Board, the bill increases direct spending by less than



20) To Amend the Federal Water Pollution Control Act to Reauthorize Programs to Improve the Quality of Coastal Recreation Waters, and for Other Purposes (H.R. 1721). The bill authorizes, subject to appropriations, \$30 million annually over 2006-11 for grants to coastal States to implement beach water quality and public notification programs under the Clean Water Act. The bill also authorizes the appropriation of such sums as may be necessary for the Environmental Protection Agency to establish new criteria for monitoring water quality and to manage the program through 2011. It does not affect direct spending or revenue.

21) To Amend the Federal Water Pollution Control Act to Extend the Authorization of Appropriations for Long Island Sound (H.R. 3963).



This bill extends through 2010 the authorization of up to \$40 million annually, subject to appropriations, for the Environmental Protection Agency's Long Island Sound program office for grants to States to

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implement public notification programs on beach water quality. This bill does not affect direct spending or revenue.

22) Honoring the Pilots of United States Commercial Air Carriers Who Volunteer to Participate In the Federal Flight Deck Officer Program (H.Con.Res. 196).

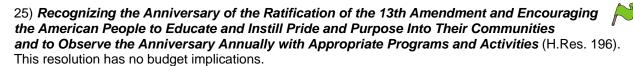


23) To Amend Section 105(b)(3) of the Ethics in Government Act of 1978 (5 U.S.C. App) (H.R. 4311). Although a formal estimate was not available, this bill is not expected to increase direct spending or reduce revenue.



24) Securing Aircraft Cockpits Against Lasers Act of 2005 (H.R. 1400). This bill establishes a new federal crime for aiming the beam of a laser

pointer at an aircraft or at the aircraft's flight path. Enacting the bill could lead to a small increase in the collection of criminal fines. An increase in the collection could affect direct spending and revenue because the criminal fines are recorded as revenue and later spent. Due to the speculative nature of these fines, they are not taken into account for budget enforcement purposes.



26) Stealth Tax Relief Act of 2005 (H.R. 4096).

This resolution has no budget implications.



The introduced version of this bill extends permanently the increased alternative minimum tax exemption amounts and indexes them for inflation. Earlier this year, the Joint Committee on Taxation estimated that a similar proposal would reduce revenue by \$10.888 billion in 2006 and \$163.179 billion over 2006-10. This violates section 311 of the Congressional Budget Act because - pursuant to the fiscal year 2006 budget resolution - Congress may further reduce revenue by only \$96.085 billion over 2006-10. The Ways and Means Committee, however, has indicated the bill will include an amendment limiting the extension for 1 year only (through 31 December 2006). If the bill were amended in this way, it would reduce revenue by about \$30 billion over 2006-10 (depending on the specific language), and would not violate the Budget Act.

27) Tax Revision Act of 2005 (H.R. 4388).



This bill violates the Congressional Budget Act because it entails direct spending that causes the committee of jurisdiction to exceed its allocation under the budget resolution for fiscal year 2006. The bill extends through 31 December 2006 several expiring tax provisions with outlay effects, including: 1) the inclusion of combat zone compensation as earned income in computing the earned income tax credit; 2) the increased "cover over," or payment - from \$10.50 to \$13.25 per proof gallon - to Puerto Rico and the Virgin Islands of rum excise taxes; 3) certain Internal Revenue Service undercover investigative operations; and 4) the disclosure of tax return information for certain purposes. The bill also expands – for calendar year 2006 only - a tax deduction for domestic production activities to include production in Puerto Rico.

Although an official revenue estimate has not been published, the bill's revenue reduction is not expected to breach the budget resolution's revenue floor. Nevertheless, for varying reasons, the provisions also cause direct spending increases of \$58 million in 2006 and \$90 million over 2006-10. This would cause the Ways and Means Committee to breach its 2006 allocation of direct spending authority provided by the fiscal year 2006 budget resolution, and thus the bill violates section 302 of the Congressional Budget Act.

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28) Gulf Opportunity Zone Act of 2005 (H.R. 4440).



This bill causes the Committee on Ways and Means to further breach its allocation of direct spending for fiscal year 2006. Therefore it violates the Congressional Budget Act.

The bill creates a Gulf Opportunity [GO] Zone in States affected by Hurricanes Katrina, Rita, and Wilma. Businesses in the GO Zone are eligible for various tax preferences, including tax-exempt and tax-credit bonds; an expanded low-income housing credit; 50-percent bonus depreciation; increased small business expensing; expensing for clean-up and environmental remediation costs; an increased rehabilitation credit; special tax relief for timber and utilities; and a 5-year net operating loss carryback. Many of these tax benefits are denied to specific businesses, such as gambling, golf courses, country clubs, massage parlors, and liquor stores. In addition, the bill provides a Federal Government guarantee on certain reconstruction bonds in case of default. The Federal guarantee covers 50 percent of the principal of the bonds, up to a maximum face value of \$3 billion.

The principal effect of the measure is a reduction in revenue – by an amount that falls within budget resolution limits. Similar-but-not-identical provisions in S. 2020, as passed by the Senate, reduced revenue by \$3.78 billion in 2006 and \$7 billion over 2006-10. The House currently may reduce revenue by \$17.308 billion in 2006 and \$96.085 billion over 2006-10 without breaching the budget resolution's revenue floor. Therefore, the bill is not expected to breach the revenue floor.

The measure also has a small direct spending effect. Under Federal credit reform rules, the expected future costs of bailing out debtors who default on these bonds must be discounted to net present value and counted as direct spending in the first year (fiscal year 2006). This calculation will result in an increase in direct spending of \$60 million in 2006. Because the Ways and Means Committee already has breached its 2006 allocation of direct spending authority, this bill violates section 302 of the Congressional Budget

29) Terrorism Risk Insurance Revision Act of 2005 (H.R. 4314).



Although CBO has not yet provided an official cost estimate for this bill, it is expected the measure could cause a substantial increase in direct spending. The intent of the measure is to offset these costs over time, but the spending does occur immediately. Because the committee of jurisdiction has no remaining allocation of direct spending under the fiscal year 2006 budget resolution, the measure violates section 302 of the Congressional Budget Act.

The bill reauthorizes for 2 years (through 31 December 2007) the Terrorism Risk Insurance Act of 2002, and amends the Act by: 1) raising deductibles insurance companies must meet before receiving Federal payments; 2) raising the loss threshold for small companies from \$5 million to \$50 million; 3) adding group life insurance to the list of insurance policies covered; 4) eliminating commercial auto insurance from coverage; and 5) increasing industry's share of small losses to 20 percent while decreasing its share of the largest losses to 5 percent. The possibility of large losses resulting from a terrorist attack suggest an expected increase in direct spending of between \$1 billion and \$2 billion over 2006-10. The Financial Services Committee does not have any remaining allocation of direct spending under the fiscal year 2006 budget resolution. Therefore, the bill violates section 302 of the Congressional Budget Act.

As noted, it is the intent of the bill to offset its direct spending effects over time. This would be done by recouping the losses through a broad levy on commercial insurance policies. Nevertheless, the direct spending effect does occur immediately.

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LEGISLATION CONSIDERED UNDER A RULE

Bill: United States-Bahrain Free Trade Agreement Implementation Act

of 2005 (H.R. 4340)

Committee: Ways and Means

This bill phases out, over time, tariffs on U.S. imports from Bahrain under the United Summary:

States-Bahrain agreement. The tariffs would be phased out for individual products at varying rates according to one of several different timetables ranging from immediate elimination on the date the agreement enters into force, to gradual elimination over 10 years. The bill also exempts certain goods imported from Bahrain from merchandise processing fees collected by the Department of Homeland Security. Such fees are

recorded as offsetting receipts (a credit against direct spending).

Cost: The bill reduces revenue by \$20 million in 2006 and \$144 million over 2006-10. The bill

> also increases direct spending by \$1 million in 2006 and \$5 million over 2006-10. The direct spending effects derive from a reduction in offsetting receipts (as noted, a credit against direct spending) that results from the exemption of certain imports from the

merchandise processing fee.

Budget Act: The Ways and Means Committee has no remaining allocation of direct spending authority

for fiscal year 2006. Therefore, the direct spending in the bill breaches the committee's 2006 allocation of direct spending authority by \$1 million (though it does not breach the committee's allocation for the 2006-10 period). This \$1 million in reduced offsetting receipts is a technical violation of section 302 of the Congressional Budget Act.

Bill: Tax Relief Extension Reconciliation Act of 2005 (H.R. 4297).

Wavs and Means Committee:

Summary: The fiscal year 2006 budget resolution (H.Con.Res. 95) provided reconciliation

instructions to the Ways and Means Committee to report legislation reducing revenue by no more than \$11 billion in 2006 and \$70 billion over 2006-10. This bill - which generally extends for various time periods tax provisions scheduled to expire during the budget window – represents the committee's effort to comply with these instructions. Specifically, the bill extends for 2 years reduced rates on capital gains and dividends (through 31 December 2010), the temporary increase in small business expensing (through 31 December 2009), the active financing exception to subpart F (through 31 December 2008), the savers' credit (through 31 December 2008), and the expensing of

environmental remediation costs (through 31 December 2007). The bill also extends for 1 year (through 31 December 2006) a group of 17 temporary tax provisions scheduled to expire at the end of this year, such as the R&E credit, the higher education deduction, and the state sales tax deduction. Finally, the bill makes minor modifications to other tax rules.

The bill reduces revenue by \$5.772 billion in 2006 and \$56.065 billion over 2006-10. It Cost:

does not affect direct spending.

Budget Act: This bill does not violate any provisions of the Congressional Budget Act.

Prepared by The Committee on the Budget